

June 2006

Electronic Resources Pricing: A Variety of Models

Christine Fischer

University of North Carolina at Greensboro, christine_fischer@uncg.edu

Follow this and additional works at: <https://docs.lib.purdue.edu/atg>



Part of the [Library and Information Science Commons](#)

Recommended Citation

Fischer, Christine (2006) "Electronic Resources Pricing: A Variety of Models," *Against the Grain*: Vol. 18: Iss. 3, Article 6.
DOI: <https://doi.org/10.7771/2380-176X.4954>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

the rapid proliferation of pricing models with skepticism. After all, how many different models do we really, really need? But **Rick** also asserts that simpler is not necessarily better. Libraries need to take a more holistic approach when evaluating the value of staff time involved in handling so many different types of deals. It may cost us a bit more to figure out a wide variety of models, but if the result is big savings, then we may be getting much more out of the deals than we put into them.

As Library Relations Manager for **Duke University Press**, **Kimberly Steinle** gives a vendor's perspective. Her in-depth analysis of pricing for their **Scholarly Collection** yields insight into the kinds of decisions that publishers must face as they develop a model that will keep their business going while keeping their customers happy. **Kimberly** also describes what happens when a pricing model fails to be viable, and how a publisher makes a transition to an alternative model.

Finally, **Scott Rice**, Networked Information Services Librarian at the **University of North Carolina at Greensboro**, surveys the pricing terrain in the rapidly growing arena of eBooks. **Scott** delineates three major models and describes an innovative approach, and analyzes the importance of **Digital Rights Management (DRM)** in pricing models and license agreements.

Although these four authors have different backgrounds and perspectives, their articles share a common thread — there are numerous pricing models, and libraries and publishers alike must devote resources to understanding their complex options. Like it or not, we are all dining at a restaurant with lots and lots of items on the menu. It's going to take time and energy to make decisions, but that time is well invested. If libraries and publishers don't spend the requisite time to understand the menu, they might end up with an unpleasant surprise on their plate! 🌱

against the grain people profile

Tim Bucknall

Assistant Director and Head of Information Technology
and Electronic Resources, University Libraries
Jackson Library, University of North Carolina at Greensboro,
Greensboro, NC 27402 Phone: (336) 256-1216
Fax: (336) 334-5399 <bucknall@uncg.edu>

BORN & LIVED: Grew up in Austin, Texas. Moved to North Carolina in 1987.

EARLY LIFE: The **Austin Public Library** was four blocks from my house. I became very adept at walking (and crossing streets!) while reading a book.

FAMILY: My beautiful wife, **Nancy**. My highly intelligent but disorganized 11-year-old, **Kevin**. My determined and self-confident 7-year-old, **Carolyn**. And my mercurial and rambunctious 5-year-old, **Michael**.

EDUCATION: B.A. in Liberal Arts from the Plan II Honors Program, **University of Texas** at Austin. MLS and M.A. in Art History from the **University of North Carolina** at Chapel Hill.

FIRST JOB: Running soccer and basketball leagues at the Austin YMCA.

PROFESSIONAL CAREER AND ACTIVITIES: Worked several years in Reference and now run a combined Systems/Electronic Resources unit. Member of the Librarians Council for **NC LIVE**, and founder and convener of the **Carolina Consortium**. One of the inventors of **Journal Finder**, the first OpenURL link resolver and knowledge base to go into production in the U.S.

IN MY SPARE TIME I LIKE TO: Cook, garden, and build furniture.

FAVORITE BOOKS: **Robin Hobb's Farseer** and *Live Ship* series. **O'Brian's Aubrey-Maturin** series. **Frazier's Cold Mountain**. **Feist's Riftwar** series.

PET PEEVES/WHAT MAKES ME MAD: "But that's the way we've always done it!"

PHILOSOPHY: Give the users what they want.

MOST MEANINGFUL CAREER ACHIEVEMENT: Building **Journal Finder** and the **Carolina Consortium** in such a way that the greatest benefits go to the schools most in need — community colleges, **HBCU's**, and other historically underfunded institutions.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: Successfully adapt to the enormous changes coming to libraries as demand for many of our traditional services erodes, and pressure for new services increases.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: Libraries will play a smaller role in access to journal literature as Open Access, repositories, pre-print services, and pay-per-view continue to grow.

We will still be key players in integrating these services (unless **Google Scholar** moves aggressively into that area), but there will be a significant reduction in the "library as journal subscriber" model. 🌱

Electronic Resources Pricing: A Variety of Models

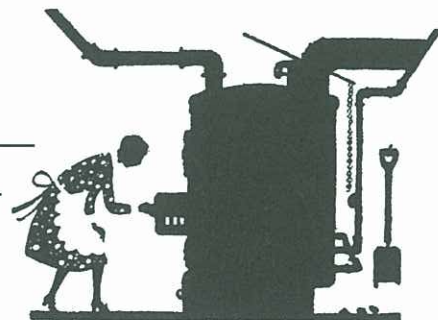
by **Christine Fischer** (UNC Greensboro) <christine_fischer@uncg.edu>

Building and maintaining library collections is increasingly complex. Determining pricing for physical resources actually housed in the bricks and mortar facility is relatively simple. In contrast, libraries must select electronic resources that range from databases to online journals to eBooks, and these information tools are purchased using pricing models that tax every library with their variability. Are we to be charged by use, individual title, or package? Is

our institution quoted a charge based upon enrollment as a whole or the number affiliated with the program for a specialized resource? The possibilities seem to be growing as libraries, publishers, subscription vendors, aggregators, and others continue to respond to the changing information resource and access environment.

Cheaper by the Dozen?

Journal titles can be selected individually.



With a thorough knowledge of the library's user community, this option seems reasonable. Focus can be given to the particular disciplines or subject interests that engage patrons. With us-

continued on page 20

age data, evidence of requests by selectors, and obvious links between curriculum and resources, the library can easily justify collection development decisions. But analyzing and documenting such data and making individual selection decisions is very time consuming, and purchasing resources on a title-by-title basis can be quite costly. The cost is felt on the invoice as well as in personnel costs of staff time and lost opportunities of other services that could be provided if the staff wasn't handling such detailed transactions.

Bundling is a means to provide multiple electronic resources which are intended to broadly serve the anticipated needs of users, though peripheral titles included in a package may be considered irrelevant. A publisher may bundle all its e-journal titles into a collection or may selectively group titles based upon subjects. Other bundling options may be contingent upon a library's promise to maintain their current level of subscription expenditures. In this model, pricing may be advantageous to a degree, but restrictions obligate libraries to acquire some content or a format that is not desired. Librarians take seriously their relationships with faculty and students as departmental liaisons and as selectors for their communities and institutions. It may seem less rewarding and fiscally irresponsible to simply choose packages of resources while aiming to support users. Rather more painful is the reality that the makeup of packages changes, and does so too frequently for comfort. Collection decisions really are only the best that can be made at a given moment in time; a publisher may choose to pull titles, offering them via another aggregator or service or perhaps hosting them exclusively on their own site. Lead time with public notices can offer libraries a chance to analyze their options, but it may be more immediate than that. With funds committed for the fiscal year, it may be impossible to provide continuous coverage.

Making an informed decision about purchasing a group of titles is very different from bundling once a commitment to a journal has been made. Price increases at renewal can be significant if there is a remix of what is included, although a cap may be in place to hold the percentage increase to an amount that can be accommodated. As sometimes happens, an association or publisher may move a title to a package arrangement, and selectors then are faced with an increase in the subscription rate as well as unwanted additional titles. A side benefit may be discovered by reviewing usage data, as it is possible that libraries will find that resources initially considered to be peripheral are in fact used by patrons. The availability of the materials leads to discovery.

Pricing Models

A use-based model can incorporate other factors but is essentially an effort to tie use activity statistics when determining the price an individual library pays for an electronic resource. That model assumes a publisher maintains reliable, accurate statistics that can be con-

against the grain people profile

Electronic Journals / Document Delivery Librarian
Jackson Library, University of North Carolina at Greensboro
P. O. Box 26170, Greensboro, NC 27402
Phone: (336) 256-1210 <Beth_Bernhardt@uncg.edu>

Beth R. Bernhardt

BORN & LIVED: Lincolnton, NC — Lived in North Carolina most of my life except eight years in Newberry SC.

EARLY LIFE: Grew up in a small town in North Carolina where I was the "eye doctor's daughter." Couldn't get away with anything because everyone knew my parents! Played in the drumline in the high school marching band. But mostly enjoyed water skiing and hanging out at Lake Norman in the summer.

FAMILY: I have one daughter who is 16 and will graduate in 2007. My husband and I just celebrated our 20th anniversary in 2006.

EDUCATION: BA, UNC Chapel Hill; MLIS, University of South Carolina.

FIRST JOB: Making sandwiches at a independently owned sandwich shop at Lake Norman, NC. I really hated chopping up the onions!

PROFESSIONAL CAREER AND ACTIVITIES: Program Director for the **Charleston Conference**, active in **ALCTS**, Chair of the **Technology and Trends Roundtable** for **NCLA**, **NASIG** Submissions editor for three years.

IN MY SPARE TIME I LIKE TO: Watch sports especially college basketball (women and men), college football and professional football. I also enjoy going to wineries and wine festivals with my husband and friends. My other hobbies are playing the flute and piano.

FAVORITE BOOKS: I love a good murder mystery.

PET PEEVES/WHAT MAKES ME MAD: The rich getting richer and the poor getting poorer.

PHILOSOPHY: Live life to the fullest, because you never know what tomorrow will bring.

MOST MEANINGFUL CAREER ACHIEVEMENT: To work with a dynamic team at **UNC Greensboro** to create a home grown journal management system called **Journal Finder**. Being granted permanent tenure at **UNC Greensboro** and working with **Katina** on the **Charleston Conference**.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: To travel in Europe after my child goes to college!

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: The demand for knowledgeable electronic resources librarians will continue to grow so much that they will be the norm. Then there will be a specialized group of librarians called print librarians. 🐘

sistently described. Standards for use statistics, such as those developed by **COUNTER (Counting Online Usage of Networked Electronic Resources)**, give backbone to such a model. But it doesn't follow that such pricing is affordable. Regardless of the size of an institution, funding is not boundless.¹

Pricing for databases commonly uses the number of full-time equivalent (FTE) students (and occasionally faculty) with fees being based upon those FTE numbers. So, for example, a particular yearly fee would be charged for the Gallup Brain if the FTE level was in the 10,000-20,000 range. The price would vary if the enrollment numbers were above or below that price band. Other deals discard the concept of FTE bands and instead charge per student FTE.

Purchasing based on the number of simultaneous users allows for cost control. Divisions in the number of simultaneous users will differ

according to publishers. Choosing the unlimited option can become the most practical choice when anticipated benefit outweighs the discouragement by patrons who find it difficult to access the product if that simultaneous user level is too low in actuality. The number of simultaneous users may only be one component in a pricing model as with **H. W. Wilson** which allows customers to combine the one-time purchase of an archival database with a simultaneous user model for the current database.

Tiered pricing is common with databases and has been employed by publishers of e-journals. In some cases tiers may define service levels that offer differing options from the basic to the premium, as determined by the publisher. More so today, tiered pricing models are linked to the **Carnegie Classification of Institutions of Higher Education**. Typically there are four or

continued on page 22

Electronic Resources Pricing: from page 20

five tiers with the highest tier being associated with large doctoral-granting institutions supporting heavy research activity. When such models are implemented, the new subscription prices may be greatly increased for larger institutions while smaller libraries may even pay a lower price than they had formerly. Implications of this model for larger libraries are a concern as noted by **Karla L. Hahn**. "Research institutions are usually placed in a top tier and could experience substantial erosion in their purchasing power and collection size if tiered-pricing models are widely adopted."² Publishers may take that into consideration as they alter their pricing models. For instance, **Duke University** placed a cap on the subscription increase during the first year of the recent change in the **e-Duke Scholarly Collection** pricing; in time, usage data will be factored in with the **Carnegie Classification** aspect of the model to establish each institution's rate.

Publishers may offer a back file along with current subscriptions to electronic content. The range of years provided is determined by the publisher and takes into consideration the age of the publication, with, for example, the most recent ten years being offered. Publishers may also make available with subscriptions a complete archive of all issues that have been digitized. Some archives may be offered at no charge. Archives or portions of archives may also be offered as a separate subscription. Libraries would be charged a one time fee with an ongoing platform fee to cover annual maintenance thereafter. The **Institute of Physics (IOP)** hosts an historic archive that extends back as far as 1874, depending upon the age of the individual titles. Pricing for this is either by annual subscription or as a single fee for perpetual access. **Blackwell Publishing** indicates that later in the year, digitized content starting with the first issue of selected titles will be available on a title-by-title basis within their back file. The unanswered question is whether any of this truly ensures perpetual access.

Bulk Discounts

The makeup and administration of consortia vary widely, but their common ground for libraries is the purpose that they serve: license negotiation and purchasing are handled by a representative of the group, and more affordable rates are offered by the publisher. The result is access to many more e-journals and databases than would be possible if individual agreements were established. While lower costs for resources can be substantial and readily apparent, the savings in staff time overall when negotiations are centralized are likely just as meaningful. Negotiation expertise takes time and skill to develop, and that ability is valued by members of a consortium. Publishers are able to maintain numerous institutions as cus-

tomers without meeting one-on-one with buyers for each library.³ Some portion of that savings is passed along to members.


Any structures developed have to work for both parties. Publishers want to increase their volume of sales and to sell more units, while each library in a consortium expects to pay less than they would pay by themselves. There are many pricing models that can meet the needs of both parties. For example, within the **Carolina Consortium** (http://library.uncg.edu/carolina_consortium/), there are as many different pricing models as there are consortium deals. Some deals grant us a sliding discount based upon aggregate FTE, total spending, or the number of schools. Some are based on the number of new subscribers or the amount of new expenditures; some offer flat dis-

counts to any participants; and some charge full price with the bonus of free content. Some have upcharges based on the number of titles. For example, if the libraries already subscribe to ten titles from the publisher, adding 25% to the cost would allow for access to all of the publisher's titles. Or the upcharge could be based upon expenditures rather than specific numbers of titles.

Once the pricing model is established, the consortium still may have the responsibility of allocating the expenditure among its membership. Dividing costs equally among consortia members is not an optimal choice, since the funding base of member institutions can vary widely. Basing charges on FTE (Full-time Equivalent) student enrollment can be more equitable. Actual calculations likely involve more than a simple base number but may include considerations of which programs to include or adjustments based on full time versus part time enrollment, for instance.⁴

Libraries on their own or within consortial agreements may negotiate multiyear agreements with publishers. Long term commitments often include caps on price increases. Such agreements help with budget planning, but the expected costs beyond the license term could prove unsupportable. Good relationships with vendors and awareness of activities in the market can help to reduce the potential of undesirable surprises.

Conclusion

The number and range of pricing models seems infinite. Maybe that isn't actually true, but **Stephen Rhind-Tutt** enumerated 59 and further elaborated that, by using the models in combination with one another, the tally was closer to 20,000!⁵ The complexity will not likely be eased. The key is knowing what is being purchased. Coverage terms, permanent access, back files, discount rates and service charges, hosting — all components of the license agreement must be understood. The ultimate goal is providing the resources that library users need. That service is the end result of all the thoughtful work leading up to a patron clicking on a link. 

Endnotes

1. **Paula D. Watson**, "E-Journal Management: Acquisition and Control," *Library Technology Reports*, 39.2 (2003): 42-43.
2. **Karla L. Hahn**, "Tiered Pricing: Implications for Library Collections," *portal: Libraries and the Academy*, 5.2 (2005): 152.
3. **Watson** 38.
4. **Douglas Anderson**, "Allocation of Costs for Electronic Products in Academic Library Consortia," *College & Research Libraries*, 67.2 (2006): 124-126.
5. **Stephen Rhind-Tutt**, "Pricing Models for Electronic Products — As Tangled As Ever?" *Charleston Conference Proceedings 2002*, ed. **Rosann Bazirjian** and **Vicky Speck**. (Westport, Connecticut: Libraries Unlimited, 2003) 79-85.

Got a Simple and Innovative Pricing Model? You Can Keep It.

by **Rick Anderson** (University of Nevada, Reno Libraries) <rickand@unr.edu>

Every so often a vendor or publisher representative will come to me with light in his eyes, eager to expound the merits of his company's new, simplified pricing structure — or, even more alarmingly, its "innovative new pricing system."

In response, I always do exactly the same thing: I put on a smile, establish eye contact, and maintain both while I back away very, very slowly. When I feel I've

put enough distance between us, I turn and run.

All right, so maybe I get a little bit uptight about pricing issues. (And I do seem to be going through sales reps at a rather alarming rate.) But let me explain my reaction.

First, as to simplicity. All other things being equal, of course, I'd certainly prefer that

continued on page 24

